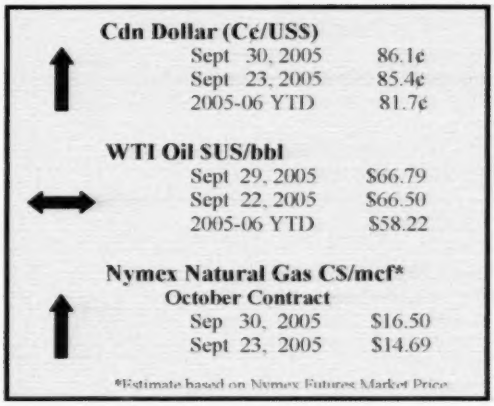
WEEKLY ECONOMIC REVIEW

SEPTEMBER 30, 2005

The Supreme Court of Canada ruled in favour of the province of British Columbia to sue tobacco companies to recover smoking related health care costs, both from the past 50 years and future costs. It is estimated that British Columbia will claim about $10 billion. In the United States, settlements totaled more than US$240 billion.

The Canadian dollar continued to rise this week surpassing 86 cents Friday morning, its highest level since January 1992. Positive economic growth in the month of July helped support the loonie, as Canada's GDP increased 0.2% in July.

According to the Conference Board, United States consumer confidence levels fell almost 19 points in September, its largest monthly decline in 15 years. The decline was related to record high energy prices and the fallout from Hurricane Katrina. Personal income fell 0.1% in August, reflecting a loss of approximately $100 billion in uninsured losses resulting from Hurricane Katrina (an estimated $70 billion in insurance has been paid to persons). Excluding the net effect of Hurricane Katrina, personal incomes would have increased 0.2% in August.



United States consumer spending (-0.1%) was also down in August, mostly attributable to a decline in motor vehicle sales following an incentive boosted increase in July.

Energy markets continue to monitor the production situation in the Gulf Coast and its impact on winter home fuel supplies. Natural gas prices soared this week on lower natural gas inventories and production levels as a result of both Hurricane Katrina and Rita. The United States is expected to head into winter with the same supply as it did last winter, only this winter is expected to be much colder.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Industrial Product Price Index (1997=100)	**August**			
Canada	111.1	0.3%	-0.4%	1.2%
Raw Materials Price Index (1997=100)	**August**			
Canada	153.1	4.4%	14.5%	12.7%
Gross Domestic Product	**July**			
Canada	1,071,282	0.2%	2.6%	N/a

Source: Statistics Canada and Bureau of Labor Statistics

[1]Year-to-date 2005 compared to the same time period in 2004. For example: January-August 2005 versus January-August 2004